

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6104

BILL NUMBER: HB 1148

NOTE PREPARED: Oct 12, 2010

BILL AMENDED:

SUBJECT: Tax Sales and Penalties.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Tax Sales-* The bill provides that if all delinquent taxes and special assessments on real property (other than real property classified as industrial property under the rules of the Department of Local Government Finance) are paid before a tax sale after June 30, 2011, and before July 1, 2012: (1) the real property may not be sold at the tax sale; and (2) penalties and costs relating to the tax sale are not due on the real property.

Waiving of Penalties- The bill waives penalties that were incurred before January 1, 2011, for delinquent property taxes on real property (other than industrial property) if all delinquent taxes and special assessments on the real property are paid before July 1, 2012.

Effective Date: Upon passage; January 1, 2011 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Tax Sales-* Fewer tax sales would allow county auditors and treasurers to devote administrative time used for tax sales to conduct other items of business. County auditors would need to modify their property delinquency notices to include information regarding the removal of property from a tax sale under the remedy described above. Revision of notices could be done within existing resources.

Background: Through September 2010, SRI (the largest tax sale company in Indiana) has offered 4,794 parcels at tax sale with 1,597 parcels sold.

Explanation of Local Revenues: *Tax Sales-* All penalties, postage and publication costs, and directly attributable tax sale costs would be cancelled on persons paying delinquent tax liens before the time of sale. County revenues would be reduced by the back property tax amounts owed and not recovered from each tax sale that would not occur during that 12-month period of time.

Waiving of Penalties- Waiving penalties would have an indeterminable impact to local revenues. The penalty is \$25 if tax payments are delinquent up to 29 days. After 30 days, the county auditor must add on an additional penalty equal to 20% of the amount of taxes that should have been paid on the property tax return. At 45 days, an additional penalty of 10% of the tax bill is charged. This provision would only cover penalties on taxes first due and payable and penalties added before January 1, 2011. In order to qualify for the waiver, the delinquent taxes would have to be paid before July 1, 2012.

State Agencies Affected:

Local Agencies Affected: County auditors and treasurers.

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